

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 /105 R

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TREASURY:BBENTON

COMMERCE:FABBUHL

LABOR:HBLACKMAN

AGRIC:GWHITE

EB/ORF:MBOERNER

EUR/RPE:EPREEG

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P R 282217Z JAN 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN PRIORITY

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INFO USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, EC, GATT

SUBJECT: MTN AND AGRICULTURE

REF: (A) EC BRUSSELS 637, (B) GENEVA 421, (C) GENEVA 290

1. TNC SCHEDULED BEGIN FEBRUARY 11 WILL LAUNCH ACTUAL NEGOTIATING STAGE OF MTN. DISCUSSIONS WITH EC OFFICIALS IN BRUSSELS AND GENEVA (REFTELS) REVEAL THAT US-EC DIFFERENCES ON HOW TO HANDLE AGRICULTURE IN MTNS REMAIN UNRESOLVED AND THREATEN IMPASSE WITH SERIOUS POLITICAL CONNOTATIONS WHICH COULD STALEMATE NEGOTIATIONS. REPETITION OF OCTOBER 1973-JANUARY 1974 DEADLOCK ON THIS ISSUE MUST BE AVOIDED.

2. PRINCIPAL DIFFICULTY ARISES FROM EC CONTINUING RIGIDITY IN INSISTING THAT THERE CAN BE ONLY ONE BODY TO THE EXCLUSION OF ALL OTHERS TO DEAL WITH THE WHOLE RANGE OF AGRICULTURAL ISSUES, TARIFF AND NON-TARIFF. EC NEGOTIATING MANDATE FOR TNC WILL NOT BE FINALLY APPROVED UNTIL FEBRUARY 10 COUNCIL MEETING AND, ACCORDING TO 113 COMMITTEE REPORT GIVEN US CONFIDENTIALLY, FRENCH ARE MEMBER STATE PRIMARILY INSISTING THAT MANDATE SPELL OUT MTN STRUCTURE IN ABOVE TERMS.

3. MOREOVER, PAST EC STATEMENTS INCLUDING FRENCH HAVE ALSO NOTED IMPORTANCE OF "PARALLEL" PROGRESS AND "BALANCE"

AMONG ALL ASPECTS OF MTNS. IT IS CLEARLY IMPORTANT TO SATISFACTORY RESOLUTION OF AGRICULTURE/MTN ISSUE THAT EC MINISTERS MEETING FEBRUARY 10 RESULT IN SUFFICIENT FLEXIBILITY TO AVOID RIGID FORMULATION RE MTN STRUCTURE.

4. FOR US MISSION EC BRUSSELS: AMBASSADOR SHOULD AT EARLIEST OPPORTUNITY APPROACH SOAMES AND MAKE FOLLOWING POINTS:

A. EC, US AND WORLD TRADING COMMUNITY WILL BE LOSERS, PARTICULARLY IN CURRENT INTERNATIONAL ECONOMIC SITUATION, IF LONG-AWAITED MTN BOGS DOWN RIGHT AT THE START OVER ISSUE RELATED TO PROCEDURES OF NEGOTIATION. TEMPTATION LIMITED OFFICIAL USE

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TO RESORT TO UNILATERAL RESTRICTIVE MEASURES AND DESTRUCTIVE BILATERALISM CAN ONLY BE INTENSIFIED BY SUCH A RESULT.

B. US TRADE ACT, SEC. 103, STATES THAT "TO THE MAXIMUM EXTENT FEASIBLE, THE HARMONIZATION, REDUCTION, OR ELIMINATION OF AGRICULTURAL TRADE BARRIERS AND DISTORTIONS SHALL BE UNDERTAKEN IN CONJUNCTION WITH THE HARMONIZATION,

REDUCTION, OR ELIMINATION OF INDUSTRIAL TRADE BARRIERS AND DISTORTIONS." NEED FOR US TO OBTAIN PACKAGE IN MTNS WHICH INCLUDES AGRICULTURE IS CLEAR. CONGRESSIONAL AND US AGRICULTURAL COMMUNITY INTEREST IN NEGOTIATION AS PER SECTION 135 OF TRADE ACT INSURE ALMOST IMMEDIATE POLITICAL REPERCUSSIONS IN US IF THERE SUSPICION THAT IT EC INTENTION TO EXCLUDE AGRICULTURE BY INSISTING FROM OUTSET ON A STRUCTURE WHICH LED TO LIMITED NEGOTIATIONS IN AGRICULTURE IN KENNEDY ROUND.

C. EC HAS ALSO SPOKEN OF NEED FOR BALANCE IN NEGOTIATIONS. "THE REPRESENTATIVE OF THE EUROPEAN ECONOMIC COMMUNITY CONCLUDED BY SAYING THAT OF COURSE, THE COMMUNITY DID NOT INTEND TO ISOLATE THE NEGOTIATIONS ON AGRICULTURAL PRODUCTS FROM THE REST OF THE NEGOTIATIONS. IN THIS CONNECTION, IN CONFORMITY WITH THE POSITIONS IT HAD TAKEN AND ITS UNDERTAKINGS, AND IN PARTICULAR WITH THE TOKYO DECLARATION OF MINISTERS, THE COMMUNITY CONSIDERED THE MULTILATERAL NEGOTIATIONS TO BE A WHOLE, THE VARIOUS ELEMENTS OF WHICH SHALL MOVE FORWARD TOGETHER, AND THE RECIPROCITY IT WAS SEEKING WOULD BE JUDGED ON AN OVERALL BASIS." (MTN/P/2, MARCH 4, 1974.) IF WE TO TAKE EC STATEMENT AT FACE VALUE, WE FIND IT DIFFICULT TO UNDERSTAND WHY THEY ARE RIGIDLY ADHERING TO A POSITION ON STRUCTURE WHICH WILL MAKE IT VIRTUALLY IMPOSSIBLE MOVE ALL ELEMENTS FORWARD TOGETHER AND WHICH BRINGS ABOUT US-EC CONFRONTATION.

D. WE CLEARLY NEED DEVELOP MTN STRUCTURE WHICH IS MOST LIKELY TO ACHIEVE ABOVE AIMS. US MANDATE IN FORM OF SECTION 103 OF TRADE ACT PERMITS US APPROACH PROBLEM ON FLEXIBLE PRAGMATIC BASIS DESIGNED ACHIEVE THIS RESULT PROVIDING EC MANDATE IS ALSO FLEXIBLE IN THIS DIRECTION. IT IS THEREFORE IMPORTANT THAT EC MANDATE ALLOW FLEXIBLE OFFICIAL USE

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BILITY IN THIS AREA AS CONTRASTED TO PRESENT RIGID FORMULATION NOW BEING CONSIDERED BY EC AND CITED BY EC SPOKESMAN AS LIKELY OUTCOME OF FEBRUARY 10 COUNCIL MEETING.

E. IF ASKED ABOUT US INITIATIVE ON GRAIN RESERVES DISCUSSIONS (INITIAL MEETING SCHEDULED FOR FEBRUARY 10-11 IN LONDON), YOU MAY SAY THAT FOCUS OF THESE DISCUSSIONS IS ON FOOD SECURITY. TO EXTENT THAT TRADE ISSUES EMERGE, THESE WILL NEED TO BE RELATED TO MTN, WITH NATURE OF RELATIONSHIP OPEN TO DISCUSSION IN RESERVES AND TNC MEETINGS.

F. WE STRONGLY URGE SOAMES TO USE HIS PERSONAL OFFICES IN WORKING FOR A FLEXIBLE EC MANDATE WHICH WILL ALLOW US TO

FIND MUTUALLY ACCEPTABLE SOLUTION AND AVOID IMPASSE WHICH IS IN NEITHER US OR EC INTEREST.

5. MISSION MAY ASSURE SOAMES THAT WE WILL DO OUR UTMOST KEEP ISSUE OUT OF THE PUBLIC DOMAIN. WE ARE, HOWEVER, GIVEN TIME PRESSURES ALSO RAISING THIS ISSUE IN EC CAPITALS WITH THE EXPECTATION THAT THIS WILL SUPPORT EFFORTS ON HIS PART. WE WOULD BE PREPARED TO TRY TO RESOLVE STRUCTURAL ISSUE IN A WAY WHICH PREJUDICES NEITHER EC OR US POSITIONS ON FINAL OUTCOME OF NEGOTIATIONS.

6. OTHER ACTION ADDRESSEES SHOULD APPROACH APPROPRIATE HIGH LEVEL HOST GOVERNMENT OFFICIALS DRAWING ON POINTS IN SUB-PARAGRAPHS A THROUGH E ABOVE, NOTING TIME PRESSURES. YOU SHOULD NOT MENTION POINTS COVERED IN SUB-PARAGRAPH F OR PARAGRAPH FIVE. YOUR APPROACH SHOULD BE TAILORED TO KNOWN VIEWS OF HOST GOVERNMENT. FOR INSTANCE BONN AND LONDON COULD REFER TO GERMAN AND BRITISH INTEREST IN IMPROVEMENT IN EC AGRICULTURAL POLICIES WHICH MIGHT POSSIBLY RESULT FROM MTN NEGOTIATIONS AND THE CONCERN THAT ANY SEPARATE AGRICULTURAL GROUP RISKS BEING DOMINATED BY LDC INTERESTS. DUBLIN MAY WISH NOTE THAT CURRENT IRISH CHAIRMANSHIP OF EC COUNCIL PROVIDES THEM OPPORTUNITY TO USE THEIR INFLUENCE IN SEEKING SATISFACTORY RESOLUTION THIS PROBLEM. PARIS MAY WISH NOTE US-FRENCH AGREEMENT AT MARTINIQUE TO SEEK RESOLVE ISSUES BETWEEN OURSELVES AND LIMITED OFFICIAL USE

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FRANCE IN SPIRIT OF COOPERATION AND CONSULTATION. REQUEST YOU REPORT HOST GOVERNMENT VIEWS AS SOON AS POSSIBLE. KISSINGER

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